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RUCNDT/USMISSION USUN NEW YORK 6631

C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 001906

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SUBJECT: INDIANS BEGIN TO FOCUS ON NEXT STEPS IN NUCLEAR INITIATIVE

REF: NEW DELHI 1895

Classified By: Political Counselor Ted Osius for Reasons 1.4 (B and D)

¶1. (C) SUMMARY. Speculation about the timing and likely result of a confidence vote following the Left Front's withdrawal of support from the Congress Party-led United Progressive Alliance (UPA) government dominated local media on July 9. Comments by Foreign Minister Mukherjee caused confusion among international observers as to whether a confidence vote would delay distribution of the draft IAEA safeguards agreement, which was in fact submitted on July 9. A senior government contacts told the Embassy that a decision on the timing of the confidence vote will be made by Prime Minister Singh in consultation with President Patil and that it would not affect the government's plans to proceed with the IAEA. The timing of the vote appears to be part of a political strategy designed to project confidence leading up to the IAEA Board of Governors meeting on July 28 rather than a shift in the government's stated intention to advance the U.S.-India Civil Nuclear Cooperation Initiative.

¶2. (C) SUMMARY CONTINUED. Also on July 9, the Embassy demarched Ministry of External Affairs officials on the importance of looking beyond the IAEA and Nuclear Suppliers Group (NSG) to focus their government's attention on the key nonproliferation requirements for the Presidential Determination enumerated in section 104 of the Hyde Act. These include demonstrating substantial progress toward negotiating an Additional Protocol with the IAEA, and harmonization and adherence with export control standards of the NSG and Missile Technology Control Regime (MTCR). India's ability to credibly demonstrate its intention to merge with the global nonproliferation regime is likely to feature in discussions in the IAEA and especially the NSG. The Ambassador is seeking appointments this week to focus the Indians on their role in convincing the international community to support the nuclear initiative and to urge a swift timeline for action on three fronts simultaneously: in the IAEA, at the NSG, and toward completion of the remaining requirements for a Presidential Determination. END SUMMARY.

Mukherjee Causes Confusion Over IAEA-Confidence Vote Conditionality  
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¶3. (C) Local media reported Foreign Minister Mukherjee's comments on July 9 that a confidence vote would precede the government's approach to the IAEA, which caused confusion among foreign observers in Delhi and speculation about an unfavorable shift in the IAEA timeline. Mukherjee was quoted as saying, "Before we go for international agreements we

would surely seek the vote of confidence." Local media continued to report that the confidence vote would take place in the July 21-22 time-frame following indications to that effect from Congress floor managers after a strategy session on July 8. The vote would thus precede by just under a week the IAEA Board of Governors meeting planned for July 28. Media discounted Mukherjee's caveat: "With the PM's approval, I am saying that we will seek the approval of the Lok Sabha as soon as we receive a formal communication from the President."

Senior Advisor Says Wait Until PM Returns

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14. (C) A key contact in the Prime Minister's Office told PolCouns on July 9 that there has been little coordination between Mukherjee and Prime Minister Singh since the latter's departure to Japan, so Mukherjee's statement about the timing of the confidence vote is not definitive. While the Congress Party has held internal strategy sessions that may have influenced Mukherjee's statement, the Prime Minister will decide the date in consultation with President Pratibha Patil. The decision on when to hold the confidence vote will not take place until after Singh's return from Japan late on July 9. Other Embassy contacts have confirmed the PMO's version of events.

Confident UPA Determined to Manage Vote on Its Own Terms

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15. (C) Local commentators have explained the delay in a

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formal announcement of the UPA government's intention to advance the nuclear initiative to the IAEA -- despite days of media reports to that effect -- as an effort by the government be seen as acting on its own terms rather than at the behest of the Left. The four parties comprising the Left Front presented a letter to President Patil on July 9 formally indicating their withdrawal from the government and requesting that she require the government to demonstrate its majority. Embassy sources claimed on July 9 that the government planned to sponsor its own confidence vote through a request from its new supporters in the Samajwadi Party (SP), rather than respond to the Left's request for a no-confidence vote. The distinction is one of public perception rather than procedural substance. While unconfirmed, the government appears to be attempting to cast the confidence vote as a voluntary demonstration of support from its new partners through its command of a clear -- though slim -- majority followed closely by its triumph in Vienna.

Embassy Demarches MEA on Hyde Act Nonproliferation Requirements

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16. (C) PolCouns and PolOffs reviewed next steps in the nuclear initiative with Ministry of External Affairs Joint Secretary for the Americas Gaitri Kumar and, separately, Disarmament Division Director Gaddam Dharmendra. Indian media consistently claim that, once the UPA government navigates through of the current political crisis and authorizes further progress on the nuclear initiative, the "ball is in the court" of the U.S. to secure agreement from the IAEA Board of Governors and a clean exemption in the NSG. If the U.S. can accomplish this rapidly enough, according to the prevailing view, then approval will follow from the U.S. Congress. PolCouns reminded Kumar of the GOI's responsibilities, asking her to move the bureaucracy to look beyond the IAEA and NSG steps in the nuclear initiative and to encourage progress on the requirements enumerated in section 104 of the Hyde Act. Section 104 describes India's nonproliferation commitments pursuant to the Presidential Determination necessary prior to submission of the 123 Agreement to the U.S. Congress for an up or down vote.

¶7. (C) Concerns from reluctant NSG member states -- including some voiced in the lunch hosted by the Ambassador on July 8 (reftel) -- center around India's ability to credibly demonstrate its intention to merge with the global nonproliferation regime. PolCouns pressed Kumar to focus her government's attention on the key requirements for the Presidential Determination, including demonstrating substantial progress toward negotiating an Additional Protocol with the IAEA, and harmonization and adherence with export control standards of the NSG and Missile Technology Control Regime (MTCR). Most importantly, progress on these nonproliferation requirements of the Hyde Act -- along with concerns about testing -- are likely to feature in discussions in the IAEA and especially the NSG. Chairman Ackerman stressed the importance of these points in discussions with Embassy and GOI interlocutors.

¶8. (C) Kumar confessed that India had been waiting for completion of the IAEA and NSG steps prior to addressing the Presidential Determination requirements, but acknowledged the value of progress in helping to convince reluctant NSG members not to obstruct the initiative. DISA Director Dharmendra agreed that the government had no plans to focus on these requirements because it has been reluctant to begin negotiating -- and making concessions -- on requirements that it may never be required to fulfill if the nuclear initiative is not completed. He indicated that current international efforts on the nuclear initiative were being managed at the political level by Foreign Secretary Menon and with the IAEA by Secretary of the Department of Atomic Energy (DAE) Dr. Anil Kakodar in Mumbai, but that the MEA's disarmament division was "not in the loop" on the nuclear initiative.

¶9. (C) PolCouns also raised two issues related to the IAEA safeguards agreement that require an urgent response from the Indian government, each of which had been previously raised to Foreign Secretary Menon in March. First, the Hyde act requires India to have submitted its declaration of safeguarded facilities prior to submission of the 123

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Agreement to the U.S. Congress, but the draft safeguards agreement appears to delay the declaration until a later date. A possible solution might involve submitting the separation plan and calling it an "initial declaration." Second, nonproliferation specialists have concerns that the safeguards agreement could allow India to withdraw indigenous fuel from a safeguarded facility to a non-safeguarded facility, which seems to violate the principle of safeguards in perpetuity. This concern needs to be addressed by the Indian government's legal experts. Kumar indicated she understood both issues and would raise them again with Foreign Secretary Menon.

Comment: Proceed on Three Tracks Simultaneously  
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¶10. (C) The Ambassador is seeking appointments with the Prime Minister's Special Envoy for the Nuclear Initiative Shyam Saran and Foreign Secretary Menon this week to focus the Indians on their role in convincing the international community to support the nuclear initiative and to urge a swift timeline for action on three fronts: in the IAEA, at the NSG, and toward completion of the remaining requirements for a Presidential Determination. These three streams of action must proceed simultaneously if the initiative is to be completed prior to Congressional adjournment in September.

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